

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name VILLAGE OF DEXTER DDA	County WASHTENAW
Fiscal Year End 06/30/06	Opinion Date 08/23/06	Date Audit Report Submitted to State 9/18/2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


ST 2

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) COOLEY HEHL WOHLGAMUTH & CARLTON, PLLC		Telephone Number 734-241-7200	
Street Address ONE SOUTH MONROE STREET		City MONROE	State MI
		Zip 48161	
Authorizing CPA Signature 		Printed Name PETER H. CARLTON, CPA	License Number 1101009575

VILLAGE OF DEXTER
DOWNTOWN DEVELOPMENT AUTHORITY
Dexter, Michigan

ANNUAL FINANCIAL REPORT

Sixteen Months Ended June 30, 2006

**VILLAGE OF DEXTER
DOWNTOWN DEVELOPMENT AUTHORITY**

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Independent Auditor's Report

Board of Directors
Village of Dexter
Downtown Development Authority
Village of Dexter, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund, of the Village of Dexter Downtown Development Authority, a component unit of the Village of Dexter, Michigan as of and for the sixteen month period ended June 30, 2006, which collectively comprise the Downtown Development Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Dexter Downtown Development Authority management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Village of Dexter Downtown Development Authority, a component unit of the Village of Dexter, Michigan, as of June 30, 2006, and the respective changes in financial position for the sixteen month period then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 26, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Board of Directors
Village of Dexter
Downtown Development Authority

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Dexter Downtown Development Authority, a component unit of the Village of Dexter, Michigan, basic financial statements. The other supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Cooley Hahl Wahlgammth & Carlton

August 23, 2006

**VILLAGE OF DEXTER
DOWNTOWN DEVELOPMENT AUTHORITY**

*Management's Discussion and Analysis
Sixteen Month Period Ending June 30, 2006*

This section of the Village of Dexter Downtown Development Authority's (DDA) annual financial report presents our discussion and analysis of the DDA's financial performance during the sixteen month period ending June 30, 2006. Please read it in conjunction with the DDA's financial statements, which immediately follow this section. This summary should not be taken as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the DDA's revenues and expenditures by program for the General Fund, Debt Service Funds, and Capital Projects Funds.

The Governmental Accounting Standards Council (GASB) adopted this reporting model in *Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued June, 2000. Certain comparative information between the current sixteen month period and the prior year is required to be presented in the MD&A.

The DDA changed its fiscal year end to June 30 to coincide with the Village of Dexter. As a result, these financial statements are for a sixteen month period ended June 30, 2006. The comparison of Changes in Net Assets is comparing this sixteen month period with the prior twelve month period.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the DDA financially as a whole. The ***Government-Wide Financial Statements***, which include the Statement of Net Assets and the Statement of Activities, provide information about the activities of the DDA as a whole and presents both a short-term and a long-term view of those finances. The ***Fund Financial Statements*** provide the next level of detail. For governmental activities, these statements explain how services were financed in the short-term as well as what remains for future spending. The ***Fund Financial Statements*** report the DDA's operations in more detail than the ***Government-Wide Financial Statements*** by providing information about the DDA's individual funds - the General Fund, the Debt Service Fund, the Loan Reserve Fund, the Projects Fund, and the 2001 Bond Projects Fund. The following summary illustrates how the various parts of this annual report are arranged:

*Management's Discussion and Analysis (MD&A)
(Required Supplemental Information)*

Basic Financial Statements

Government-Wide Financial Statements Fund Financial Statements

Notes to the Basic Financial Statements

*Budgetary Information for Major Funds
(Required Supplemental Information)*

**VILLAGE OF DEXTER
DOWNTOWN DEVELOPMENT AUTHORITY**

*Management's Discussion and Analysis
Sixteen Month Period Ending June 30, 2006*

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities (pages 9 and 10), which appear first in the DDA's financial statements, report information on the DDA as a whole and its activities. These statements include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the DDA's net assets and changes in them. The change in net assets provides the reader a tool to assist in determining whether the DDA's financial health is improving or deteriorating. The relationship between revenues and expenses indicates the DDA's operating results. However, the DDA's goal is to provide services to our residents, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the services provided to assess the overall health of the DDA.

The Statement of Net Assets and Statement of Activities report the governmental activities for the DDA, which encompass all of the DDA's services, including debt service and public works. Property taxes, grants and bond issues finance most of these activities.

Fund Financial Statements

The DDA's Fund Financial Statements (pages 11-16) provide detailed information about the individual funds - not the DDA as a whole. Some funds are required to be established by State law and by bond covenants. However, the DDA establishes other funds to control and manage money for particular purposes or to show that it is properly using revenues. The DDA's governmental funds use the accounting approach described below:

Governmental funds - All of the DDA's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the DDA and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the DDA's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation format in the financial section on pages 13 and 16.

**VILLAGE OF DEXTER
DOWNTOWN DEVELOPMENT AUTHORITY**

*Management's Discussion and Analysis
Sixteen Month Period Ending June 30, 2006*

Government-Wide Financial Analysis

Recall that the Statement of Net Assets provides the perspective of the DDA as a whole. Table 1 provides a summary of the DDA's net assets as of June 30, 2006 and February 28, 2005:

Table 1:

Condensed Statement of Net Assets

	Governmental Activities	
	June 30, 2006	February 28, 2005
Current assets	<u>\$687,209</u>	<u>\$963,837</u>
Total Assets	687,209	963,837
Current liabilities	212,252	210,421
Long-term liabilities	<u>397,800</u>	<u>385,200</u>
Total Liabilities	<u>610,052</u>	<u>595,621</u>
Net Assets:		
Restricted for capital projects	42,623	363,335
Unrestricted	<u>34,534</u>	<u>4,881</u>
Total Net Assets	<u>\$ 77,157</u>	<u>\$368,216</u>

As depicted in Table 1, the DDA's unrestricted net assets were \$34,534 at June 30, 2006. This amount represents the *accumulated* results of all past years' operations. The unrestricted net asset balance is used for working capital and cash flow needs as well as to provide for future uncertainties. It means that if we had to pay off all of our bills *today*, including all of our noncapital liabilities we could with our current resources.

The results of this year's operations for the DDA as a whole are reported in the Statement of Activities (Table 2), which shows the changes in net assets for the sixteen month period ending June 30, 2006 and the fiscal year ending February 28, 2005.

**VILLAGE OF DEXTER
DOWNTOWN DEVELOPMENT AUTHORITY**

*Management's Discussion and Analysis
Sixteen Month Period Ending June 30, 2006*

Government-Wide Financial Analysis - Concluded

Table 2:

Changes in Net Assets

	<u>Governmental Activities</u>	
	<u>Sixteen Month Period Ended June 30, 2006</u>	<u>Fiscal Year Ended February 28, 2005</u>
Revenues		
Program revenues:		
Grants	\$ 219,164	\$ -
General revenues:		
Property taxes	334,579	170,285
Sale of property	348,633	144,472
Other general revenues	37,701	5,513
Village contribution	<u>57,211</u>	<u>-</u>
	<u>778,124</u>	<u>320,270</u>
 Total Revenues	 997,288	 320,270
 Functions/Program Expenses		
General government	3,700	3,400
Public works	1,082,177	97,865
Debt service	<u>202,470</u>	<u>106,644</u>
 Total Expenses	 <u>1,288,347</u>	 <u>207,909</u>
 Increase (Decrease) in Net Assets	 <u>\$ (291,059)</u>	 <u>\$ 112,361</u>

As indicated in Table 2, the cost of *all governmental* activities this year was \$1,288,347. This amount was subsidized with revenue generated from property taxes, the sale of property, and a state grant.

The DDA experienced a decrease in net assets of \$291,059. Key reasons for this decrease are the completion of the Alpine Street project and the Monument Park project. The decrease in net assets differs from the change in fund balance. A reconciliation of the change in fund balances to the change in net assets appears on page 16.

Fund Financial Analysis

As noted earlier, the DDA uses funds to help control and manage money for particular purposes. Looking at funds helps the reader consider whether the DDA is being held accountable for the resources taxpayers and others provide to it and may give more insight into the DDA's overall financial health.

As the DDA completed the current sixteen month period, the governmental funds reported a combined fund balance of \$474,957, which is a decrease of \$278,459 from February 28, 2005. The changes by funds are as follows:

**VILLAGE OF DEXTER
DOWNTOWN DEVELOPMENT AUTHORITY**

*Management's Discussion and Analysis
Sixteen Month Period Ending June 30, 2006*

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Loan Reserve Fund</u>	<u>Projects Fund</u>	<u>2001 Bond Projects Funds</u>	<u>Total</u>
Fund balances – February 28, 2005	\$531	\$ 39,262	\$209,867	\$140,421	\$ 363,335	\$753,416
Increase (decrease)	-	111,028	29,981	(98,756)	(320,712)	(278,459)
Fund balances – June 30, 2006	<u>\$531</u>	<u>\$150,290</u>	<u>\$239,848</u>	<u>\$ 41,665</u>	<u>\$ 42,623</u>	<u>\$474,957</u>

Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires the DDA Board of Directors to adopt the original budget for the upcoming fiscal year prior to the start of the fiscal year. Over the course of the year, the DDA may revise its budget as it attempts to deal with the unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule illustrating the DDA's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information and other supplemental information of these financial statements.

Revenues – Revisions were made to the original budgeted revenues of the Debt Fund, Projects Fund, and the 2001 Bond Projects Fund. Revenues were increased for interest income and for a sale of property and were reduced to reflect a lower tax capture.

Expenditures – Revisions were made to the original budgeted expenditures in the Debt Fund, Projects Fund, and the 2001 Bond Projects Fund. Expenditures were increased to reflect an additional debt payment and additional project expenses for the Alpine Street and Monument Park projects due to the extension of the fiscal year. Expenditures were reduced in the Projects Fund by approximately \$194,000.

Capital Asset and Debt Administration

Capital Assets

The DDA contributes financial support to the Village of Dexter for some of the construction and maintenance of assets within the DDA boundaries. These costs are recorded in the financial statements under the category of public works expense. The DDA does not have any capital assets of its own.

Debt

At June 30, 2006, the DDA owed \$315,000 to the Village of Dexter on a note payable. The DDA originally borrowed \$135,000 to fund a project approved in May, 1993 and borrowed an additional \$180,000 in 1998. This debt is reflected as a long-term liability on the statement of net assets.

**VILLAGE OF DEXTER
DOWNTOWN DEVELOPMENT AUTHORITY**

*Management's Discussion and Analysis
Sixteen Month Period Ending June 30, 2006*

Capital Asset and Debt Administration (Concluded)

Debt (Concluded)

The DDA also has a pledge to pay principal and interest on two Village of Dexter general obligation bond issues. At June 30, 2006, the outstanding principal balance was \$100,000 on the 1994 issue and \$800,000 on the 2001 issue. Since these are general obligations of the Village of Dexter, they are not reflected in the statement of net assets.

Detailed information is included in Notes 7 and 8 to the financial statements.

Economic Factors and Next Year's Budget

The fiscal year 2007 budget anticipates a decrease in property tax capture to \$260,000 and sale of SBT credits of \$100,000. Using available fund balance at June 30, 2006, the DDA has budgeted expenditures totaling \$223,255. It expects to pay the Village of Dexter \$40,000 for downtown operations and maintenance, use \$113,274 for debt service and the majority of the balance for various downtown projects.

Contacting the DDA's Management

This financial report is designed to provide the DDA's citizens, taxpayers, customers, investors and creditors with a general overview of the DDA's finances and to demonstrate their accountability for the money it receives. If you have questions about this report or need additional information, contact the DDA treasurer via the Village of Dexter, 8140 Main Street, Dexter, Michigan 48130.

**VILLAGE OF DEXTER
DOWNTOWN DEVELOPMENT AUTHORITY**

*Statement of Net Assets
June 30, 2006*

	Governmental Activities
Assets	
Cash and certificates of deposit	\$468,045
Due from other governmental units	219,164
	<hr/>
Total Assets	687,209
	<hr/>
Liabilities	
Accounts payable	750
Due to other governmental units	211,502
Long-term liabilities:	
Due in more than one year:	
Principal	315,000
Accrued interest	82,800
	<hr/>
Total Liabilities	610,052
	<hr/>
Net Assets	
Restricted for capital projects	42,623
Unrestricted	34,534
	<hr/>
Total Net Assets	\$77,157
	<hr/> <hr/>

See accompanying notes to the basic financial statements.

**VILLAGE OF DEXTER
DOWNTOWN DEVELOPMENT AUTHORITY**

*Statement of Activities
Sixteen Month Period Ended June 30, 2006*

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
General government	\$3,700	\$0	\$0	(\$3,700)
Public works	1,082,177	0	219,164	(863,013)
Debt service	202,470	0	0	(202,470)
Total Governmental Activities	<u>\$1,288,347</u>	<u>\$0</u>	<u>\$219,164</u>	<u>(1,069,183)</u>
General Revenues:				
Property taxes				334,579
Sale of property				348,633
Interest income				37,701
Village contribution				<u>57,211</u>
Total General Revenues				<u>778,124</u>
Change in Net Assets				(291,059)
Net Assets - Beginning of year				<u>368,216</u>
Net Assets - End of year				<u><u>\$77,157</u></u>

See accompanying notes to the basic financial statements.

**VILLAGE OF DEXTER
DOWNTOWN DEVELOPMENT AUTHORITY**

*Governmental Funds
Balance Sheet
June 30, 2006*

	Debt Service Funds		
	General Fund	Debt Service Fund	Loan Reserve Fund
Assets			
Cash and certificates of deposit	\$531	\$168,422	\$239,848
Due from other funds	0	193,370	0
Due from other governmental units	0	0	0
Total Assets	<u>\$531</u>	<u>\$361,792</u>	<u>\$239,848</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$0	\$0	\$0
Due to other funds	0	0	0
Due to other governmental units	0	211,502	0
Total Liabilities	0	211,502	0
Fund Balances			
Reserved for capital projects	0	0	0
Unreserved:			
Designated for debt service	0	0	239,848
Designated for capital projects	0	0	0
Undesignated, reported in:			
General Fund	531	0	0
Debt Service Fund	0	150,290	0
Total Fund Balances	<u>531</u>	<u>150,290</u>	<u>239,848</u>
Total Liabilities and Fund Balances	<u>\$531</u>	<u>\$361,792</u>	<u>\$239,848</u>

See accompanying notes to the basic financial statements.

Capital Projects Funds		Total
Projects Fund	2001 Bond Projects Fund	Governmental Funds
\$42,415	\$16,829	\$468,045
0	0	193,370
0	219,164	219,164
<u>\$42,415</u>	<u>\$235,993</u>	<u>\$880,579</u>
\$750	\$0	\$750
0	193,370	193,370
0	0	211,502
<u>750</u>	<u>193,370</u>	<u>405,622</u>
0	42,623	42,623
0	0	239,848
41,665	0	41,665
0	0	531
0	0	150,290
<u>41,665</u>	<u>42,623</u>	<u>474,957</u>
<u>\$42,415</u>	<u>\$235,993</u>	<u>\$880,579</u>

**VILLAGE OF DEXTER
DOWNTOWN DEVELOPMENT AUTHORITY**

*Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2006*

Total Fund Balances - Governmental Funds	\$474,957
Amounts reported for governmental activities in the statement of net assets are different because:	
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Note payable	(315,000)
Accrued interest	(82,800)
	<hr/>
Total Net Assets - Governmental Activities	<u><u>\$77,157</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF DEXTER
DOWNTOWN DEVELOPMENT AUTHORITY

Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Sixteen Month Period Ended June 30, 2006

		Debt Service Funds	
	General Fund	Debt Service Fund	Loan Reserve Fund
Revenues			
Taxes	\$0	\$334,579	\$0
Sale of property	0	0	0
State grant	0	0	0
Interest income	0	0	0
Total Revenues	0	334,579	0
Expenditures			
General government	3,700	0	0
Public works	0	0	0
Debt Service - pass through commitment	0	189,870	0
Total Expenditures	3,700	189,870	0
Excess (Deficiency) of Revenue Over Expenditures	(3,700)	144,709	0
Other Financing Sources (Uses)			
Village contribution	0	0	0
Operating transfers in	3,700	0	29,981
Operating transfers out	0	(33,681)	0
Total Other Financing Sources (Uses)	3,700	(33,681)	29,981
Net Change in Fund Balances	0	111,028	29,981
Fund Balances - Beginning of year	531	39,262	209,867
Fund Balances - End of year	<u>\$531</u>	<u>\$150,290</u>	<u>\$239,848</u>

See accompanying notes to the basic financial statements.

Capital Projects Funds		Total
Projects Fund	2001 Bond Projects Fund	Governmental Funds
\$0	\$0	\$334,579
348,633	0	348,633
0	219,164	219,164
0	37,701	37,701
348,633	256,865	940,077
0	0	3,700
147,389	934,788	1,082,177
0	0	189,870
147,389	934,788	1,275,747
201,244	(677,923)	(335,670)
0	57,211	57,211
0	300,000	333,681
(300,000)	0	(333,681)
(300,000)	357,211	57,211
(98,756)	(320,712)	(278,459)
140,421	363,335	753,416
\$41,665	\$42,623	\$474,957

**VILLAGE OF DEXTER
DOWNTOWN DEVELOPMENT AUTHORITY**

*Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Sixteen Month Period Ended June 30, 2006*

Net Change in Fund Balances - Total Governmental Funds	(\$278,459)
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Amounts reported for governmental activities in the statement of
activities are different because:

Interest accrued on long term debt is recorded as an expense in the statement of activities but not recorded as an expense in the the governmental funds until paid	(12,600)
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Change in Net Assets of Governmental Activities	(\$291,059)
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See accompanying notes to the basic financial statements.

**VILLAGE OF DEXTER
DOWNTOWN DEVELOPMENT AUTHORITY**

*Notes to Financial Statements
Sixteen Month Period Ended June 30, 2006*

Note 1 Reporting Entity

These financial statements present the activities of the Village of Dexter Downtown Development Authority (the "DDA"). The DDA was established March 26, 1986, pursuant to Public Act 197 of 1975. The primary purpose of the DDA is to revitalize and encourage economic activity in the Village of Dexter business district. The DDA's activities are primarily funded through tax increment financing.

The DDA is a component unit of the Village of Dexter, Michigan (the "Village") because the Village appoints the DDA's Boards of Directors, it has the ability to significantly influence the DDA's operations, and it is financially accountable for the DDA as defined under GASB Statement No. 14, *The Financial Reporting Entity*. Accordingly, the DDA is presented as a discrete component unit in the Village's financial statements and is an integral part of that reporting entity.

The DDA changed its fiscal year end to June 30 to coincide with the Village of Dexter. As a result, these financial statements are for a sixteen month period ended June 30, 2006.

Note 2 Summary of Significant Accounting Policies

The financial statements of the DDA have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The DDA also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the DDA's accounting policies.

Basis of Presentation

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the DDA. As a general rule, the effect of interfund activity has been eliminated from the government-wide statements. All of the DDA's government-wide activities are considered to be governmental activities. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Amounts reported as program revenue include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. General revenue includes taxes and other items not properly included among program revenues.

Major governmental funds are reported as separate columns in the fund financial statements.

**VILLAGE OF DEXTER
DOWNTOWN DEVELOPMENT AUTHORITY**

*Notes to Financial Statements
Sixteen Month Period Ended June 30, 2006*

Note 2 Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the DDA.

The DDA reports the following major governmental funds:

The General Fund accounts for all financial resources of the DDA, except those accounted for in another fund.

The Debt Service Fund accounts for property tax revenue, expenditures for debt service, and transfers to other funds.

The Loan Reserve Fund accounts for monies transferred from the Debt Service Fund for future repayment of a loan from the Village.

The Projects Fund accounts for monies transferred from the Debt Service Fund to be used for various downtown projects.

The 2001 Bond Projects Fund accounts for proceeds from a bond issue to be used for downtown projects.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**VILLAGE OF DEXTER
DOWNTOWN DEVELOPMENT AUTHORITY**

*Notes to Financial Statements
Sixteen Month Period Ended June 30, 2006*

Note 2 Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Concluded)

The DDA does not have any nonmajor governmental funds.

C. Assets, Liabilities, and Net Assets or Equity

Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Interfund Balances - On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due to/from other funds." These amounts are eliminated in the governmental activities column of the statement of net assets.

Capital Assets - Capital assets are not reported on the statement of net assets. Capital assets purchased with DDA monies are considered to be owned by the Village.

Accrued Liabilities and Long-Term Obligations - All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current period. Payments of long-term loans are recognized as an expenditure on the governmental fund financial statements when due.

Net Assets - Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

Property Taxes - Property taxes are assessed as of December 31 and the related property taxes become a lien on July 1 and December 1 of the following year. Taxes are collected by the Village and the Township of Scio for the DDA.

Fund Balance Reserves and Designations - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

D. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.

**VILLAGE OF DEXTER
DOWNTOWN DEVELOPMENT AUTHORITY**

*Notes to Financial Statements
Sixteen Month Period Ended June 30, 2006*

Note 2 Summary of Significant Accounting Policies (Concluded)
Basis of Presentation (Concluded)

- E. Extraordinary and Special Items - Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the DDA and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2006.
- F. Budgetary Policies - The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. The General Fund and all Special Revenue Funds are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the DDA Board at the function level. Any budgetary modifications may only be made by resolution of the DDA Board.

The DDA follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The DDA Board is submitted a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Unexpended appropriations lapse at year end.
2. The budget is reviewed and discussed at a public meeting.
3. The budget is legally enacted through a passage of a motion.
4. The DDA budget is submitted to the Village Council for review and adoption as a component of the overall Village budget.
5. Any revisions to the budget must be approved by the DDA Board.
6. Budget amounts are as originally adopted, or as amended by the DDA Board.
7. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Lapsing of Appropriations - At the close of each year all unspent appropriations revert to the respective funds from which they were appropriated and become subject to future appropriations.

**VILLAGE OF DEXTER
DOWNTOWN DEVELOPMENT AUTHORITY**

*Notes to Financial Statements
Sixteen Month Period Ended June 30, 2006*

Note 3 Stewardship, Accountability and Compliance

The DDA shall not incur expenditures in excess of the amount appropriated. Annual budgets are adopted on a basis that is consistent with generally accepted accounting principles and State Law for the General Fund, Debt Service Funds, and Capital Projects Funds.

In the required supplemental information, the DDA's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis, which is the adopted legal level of control.

Note 4 Deposits

Statutes authorize the DDA to invest in obligations of the U.S. Treasury, agencies, and instrumentalities; commercial paper within the three highest rate classifications by at least two rating services; bankers' acceptances of U.S. banks, U.S. or agency repurchase agreements; savings accounts and certificates of deposit with banks and savings and loan associations, or credit unions which are insured with the applicable federal agency. Public funds of the DDA may not be deposited in financial institutions located in states other than Michigan.

The Village has adopted an investment policy authorizing certain types of investments and depositories. The DDA has authorized TCF National Bank as its depository.

Interest rate risk. The Village's investment policy does limit investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates.

Credit risk. The Village will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the safest types of securities by pre-qualifying institutions with which the Village will do business, and by diversifying the investment portfolio.

Concentration of credit risk. The Village does not place any limits on the amount the Village may deposit or invest in any one issuer.

Custodial credit risk. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Village's deposits may not be returned or the Village will not be able to recover the collateral securities in the possession of an outside party. The DDA has \$538,485 invested in certificates of deposit, checking accounts, and money markets. The DDA deposits are insured by the FDIC in the amount of \$100,000, with uninsured deposits of \$438,485. The DDA's deposits are at institutions with an established record of fiscal health and service. The DDA Board approves depository institutions. The Village's investment policy does address deposit risk.

Foreign currency risk. The Village is authorized to invest in investments which have this type of risk.

**VILLAGE OF DEXTER
DOWNTOWN DEVELOPMENT AUTHORITY**

*Notes to Financial Statements
Sixteen Month Period Ended June 30, 2006*

Note 5 Interfund Receivable and Payable Balances

Interfund balances at June 30, 2006 consisted of the following individual fund receivables and payables:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Debt Service Fund	\$ 193,370	\$ -
2001 Bond Projects Fund	<u>-</u>	<u>193,370</u>
	<u>\$ 193,370</u>	<u>\$193,370</u>

The Debt Service Fund advanced funds to the 2001 Bond Projects Fund to cover project expenses prior to grant funds being received.

Note 6 Tax Increment Financing

Tax increment revenues for the DDA result from the application of the general tax rates of the incorporated municipalities and all other political subdivisions which levy taxes in the development area to captured assessed value. The DDA may enter into agreements with any of the taxing units to share a portion of the revenue of the District. For the sixteen month period ending June 30, 2006, the captured assessed value was \$11,860,298.

The following is a summary of the tax increment revenues for the sixteen month period ending June 30, 2006 adjusted for agreements with the taxing units:

	<u>Adjusted Millage</u>	<u>Amount</u>
Village of Dexter	13.0063	\$154,778
Scio Township	1.4513	17,198
Dexter Schools (non-homestead only)	18.0000	63,013
Washtenaw County	2.7512	32,602
Washtenaw Intermediate School	2.2783	13,358
Washtenaw Community College	3.3849	40,111
Dexter District Library	<u>1.1409</u>	<u>13,519</u>
Total	<u>42.0129</u>	<u>\$334,579</u>

Note 7 Long-Term Debt

Loan Payable - Village of Dexter

On February 9, 1995, a loan of \$135,000 was acquired by the DDA to finance downtown improvement projects. On February 2, 1998, an additional \$180,000 was added to the loan. The entire amount of principal and interest is due and payable on or before January 31, 2015. Interest increased 2% and will accrue at the rate of 3%.

Total Due

\$315,000

**VILLAGE OF DEXTER
DOWNTOWN DEVELOPMENT AUTHORITY**

*Notes to Financial Statements
Sixteen Month Period Ended June 30, 2006*

Note 7 Long-Term Debt (Concluded)

Following is a summary of changes in long-term debt:

	<u>Balance</u> <u>Feb. 28, 2005</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2006</u>	<u>Amount Due</u> <u>in One Year</u>
Loans Payable:					
Village of Dexter	\$ <u>315,000</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>315,000</u>	\$ <u>-</u>

The annual requirements to pay principal and interest on long-term debt outstanding at February 28, 2006 are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ <u>315,000</u>	\$ <u>172,800</u>	\$ <u>487,800</u>

Note 8 Long-Term Debt Commitments

Under a pledge to the Village, the DDA pays the annual principal and interest payments on the following two Village bond issues:

	<u>Total Due</u>
1994 Village of Dexter Bonds	
On November 1, 1994 the Village of Dexter issued General Obligation, Limited Tax Bonds on behalf of the DDA in the amount of \$255,000 to finance downtown improvement projects. The principal and interest amounts are due over 15 years starting May 1, 1995 through May 1, 2009. The interest rates range from 6.0% to 7.1%.	\$100,000
2001 Village of Dexter Bonds	
On December 1, 2001 the Village of Dexter issued General Obligation, Limited Tax Bonds on behalf of the DDA in the amount of \$900,000 to finance downtown improvement projects. The principal and interest amounts are due over 19 years starting May 1, 2002 through May 1, 2020. The interest rates range from 4.5% to 7.0%.	800,000
	<u>\$900,000</u>

Following is a summary of changes in this long-term debt:

	<u>Balance</u> <u>Feb. 28, 2005</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2006</u>	<u>Amount Due</u> <u>in One Year</u>
General Obligation Bonds:					
1994 Village Bonds	\$ 150,000	\$ -	\$ 50,000	\$100,000	\$30,000
2001 Village Bonds	<u>860,000</u>	<u>-</u>	<u>60,000</u>	<u>800,000</u>	<u>35,000</u>
	<u>\$1,010,000</u>	\$ <u>-</u>	\$ <u>110,000</u>	\$ <u>900,000</u>	\$ <u>65,000</u>

**VILLAGE OF DEXTER
DOWNTOWN DEVELOPMENT AUTHORITY**

*Notes to Financial Statements
Sixteen Month Period Ended June 30, 2006*

Note 8 Long-Term Debt Commitments (Concluded)

The annual requirements to pay principal and interest on this long-term debt commitment outstanding at June 30, 2006 are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 65,000	\$ 47,574	\$ 112,574
2008	70,000	43,638	113,638
2009	80,000	39,708	119,708
2010	45,000	35,066	80,066
2011	50,000	32,998	82,998
2012-2016	305,000	125,110	430,110
2017-2020	<u>285,000</u>	<u>38,702</u>	<u>323,702</u>
	<u>\$900,000</u>	<u>\$362,796</u>	<u>\$1,262,796</u>

The annual payments on the 1994 Village of Dexter Bonds maturing May 1 (principal and interest) and November 1 (interest) are as follows:

Year Ending <u>June 30,</u>	<u>Interest Due</u>		<u>Principal</u>	<u>Total</u>
	<u>Nov 1</u>	<u>May 1</u>	<u>May 1</u>	<u>Requirements</u>
2007	\$3,535	\$3,535	\$ 30,000	\$ 37,070
2008	2,485	2,485	30,000	34,970
2009	<u>1,420</u>	<u>1,420</u>	<u>40,000</u>	<u>42,840</u>
	<u>\$7,440</u>	<u>\$7,440</u>	<u>\$100,000</u>	<u>\$114,880</u>

The annual payments on the 2001 Village of Dexter Bonds maturing May 1 (principal and interest) and November 1 (interest) are as follows:

Year Ending <u>June 30,</u>	<u>Interest Due</u>		<u>Principal</u>	<u>Total</u>
	<u>Nov 1</u>	<u>May 1</u>	<u>May 1</u>	<u>Requirements</u>
2007	\$ 20,252	\$ 20,252	\$ 35,000	\$75,504
2008	19,334	19,334	40,000	78,668
2009	18,434	18,434	40,000	76,868
2010	17,533	17,533	45,000	80,066
2011	16,499	16,499	50,000	82,998
2012	15,324	15,324	55,000	85,648
2013	14,003	14,003	55,000	83,006
2014	12,657	12,657	60,000	85,314
2015	11,118	11,118	65,000	87,236
2016	9,453	9,453	70,000	88,906
2017	7,660	7,660	70,000	85,320
2018	5,778	5,778	70,000	81,556
2019	3,897	3,897	70,000	77,794
2020	<u>2,016</u>	<u>2,016</u>	<u>75,000</u>	<u>79,032</u>
	<u>\$173,958</u>	<u>\$173,958</u>	<u>\$800,000</u>	<u>\$1,147,916</u>

**VILLAGE OF DEXTER
DOWNTOWN DEVELOPMENT AUTHORITY**

*Notes to Financial Statements
Sixteen Month Period Ended June 30, 2006*

Note 9

Interfund Transfers

Interfund transfers for the sixteen month period ending June 30, 2006 consisted of the following:

	<u>Transfer Out</u>		<u>Total</u>
	<u>Debt Service Fund</u>	<u>Projects Fund</u>	
Transfer In:			
General Fund	\$ 3,700	\$ -	\$ 3,700
Loan Reserve Fund	29,981	-	29,981
2001 Bond Projects Fund	<u>-</u>	<u>300,000</u>	<u>300,000</u>
	<u>\$33,681</u>	<u>\$300,000</u>	<u>\$333,681</u>

The transfer to the General Fund was to cover audit costs, the transfer to the Loan Reserve Fund was to set aside funds to pay back the Village note payable and the transfer to the 2001 Bond Projects Fund was for potential public works expenses.

**VILLAGE OF DEXTER
DOWNTOWN DEVELOPMENT AUTHORITY**

*General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Sixteen Month Period Ended June 30, 2006*

	Budgeted Amounts			Positive (Negative) Budget
	Original	Final	Actual	
Revenues	\$0	\$0	\$0	\$0
Expenditures				
General government:				
Legal and auditing	3,500	3,500	3,700	(200)
Other expenses	200	200	0	200
Total Expenditures	3,700	3,700	3,700	0
Excess (Deficiency) of Revenues Over Expenditures	(3,700)	(3,700)	(3,700)	0
Other Financing Sources (Uses)				
Operating transfer in	4,000	4,000	3,700	(300)
Net Change in Fund Balances	300	300	0	(300)
Fund Balances - Beginning of year	531	531	531	0
Fund Balances - End of year	\$831	\$831	\$531	(\$300)

VILLAGE OF DEXTER
DOWNTOWN DEVELOPMENT AUTHORITY

Debt Service Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Sixteen Month Period Ended June 30, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$340,000	\$250,000	\$334,579	\$84,579
Total Revenues	340,000	250,000	334,579	84,579
Expenditures				
Debt service - pass through commitment:				
1994 General obligation bonds:				
Principal	25,000	50,000	50,000	0
Interest and fees	9,983	14,543	14,392	151
	34,983	64,543	64,392	151
2001 General obligation bonds:				
Principal	30,000	60,000	60,000	0
Interest and fees	44,055	65,558	65,478	80
	74,055	125,558	125,478	80
Total Expenditures	109,038	190,101	189,870	231
Excess (Deficiency) of Revenues Over Expenditures	230,962	59,899	144,709	84,810
Other Financing Sources (Uses)				
Operating transfers out	(233,981)	(33,981)	(33,681)	300
Net Change in Fund Balance	(3,019)	25,918	111,028	85,110
Fund Balance - Beginning of year	145,000	40,000	39,262	(738)
Fund Balance - End of year	<u>\$141,981</u>	<u>\$65,918</u>	<u>\$150,290</u>	<u>\$84,372</u>

**VILLAGE OF DEXTER
DOWNTOWN DEVELOPMENT AUTHORITY**

*Loan Reserve Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Sixteen Month Period Ended June 30, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues	\$0	\$0	\$0	\$0
Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Other Financing Sources (Uses)				
Operating transfers in	29,981	29,981	29,981	0
Net Change in Fund Balances	29,981	29,981	29,981	0
Fund Balance - Beginning of year	209,867	209,867	209,867	0
Fund Balance - End of year	<u>\$239,848</u>	<u>\$239,848</u>	<u>\$239,848</u>	<u>\$0</u>

**VILLAGE OF DEXTER
DOWNTOWN DEVELOPMENT AUTHORITY**

*Projects Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Sixteen Month Period Ended June 30, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Sale of property	\$0	\$350,000	\$348,633	(\$1,367)
Total Revenues	0	350,000	348,633	(1,367)
Expenditures				
Public works:				
Project expenses:				
Downtown operations/ maintenance	71,700	93,521	91,530	1,991
Strategic planning/market analysis	0	47,400	44,625	2,775
Downtown projects	260,000	20,000	800	19,200
Project management and planning	50,000	27,000	10,434	16,566
Total Expenditures	381,700	187,921	147,389	40,532
Excess (Deficiency) of Revenues Over Expenditures	(381,700)	162,079	201,244	39,165
Other Financing Sources (Uses)				
Operating transfers in	200,000	0	0	0
Operating transfers out	0	(300,000)	(300,000)	0
Total Other Financing Sources (Uses)	200,000	(300,000)	(300,000)	0
Net Change in Fund Balances	(181,700)	(137,921)	(98,756)	39,165
Fund Balances - Beginning of year	200,000	140,000	140,421	421
Fund Balances - End of year	\$18,300	\$2,079	\$41,665	\$39,586

VILLAGE OF DEXTER
DOWNTOWN DEVELOPMENT AUTHORITY

2001 Bond Projects Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Sixteen Month Period Ended June 30, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
State grant	\$219,000	\$219,000	\$219,164	\$164
SBT credits sale proceeds	0	25,000	0	(25,000)
Interest income	5,000	17,500	37,701	20,201
Total Revenues	224,000	261,500	256,865	(4,635)
Expenditures				
Public works:				
Project expenses:				
Monument park	250,000	312,261	289,987	22,274
Alpine street	300,000	636,930	629,983	6,947
Other projects	0	15,000	14,818	182
Total Expenditures	550,000	964,191	934,788	29,403
Excess (Deficiency) of Revenues Over Expenditures	(326,000)	(702,691)	(677,923)	24,768
Other Financing Sources (Uses)				
Village contribution	0	57,211	57,211	0
Operating transfers in	0	300,000	300,000	0
Total Other Financing Sources (Uses)	0	357,211	357,211	0
Net Change in Fund Balances	(326,000)	(345,480)	(320,712)	24,768
Fund Balances - Beginning of year	350,000	360,000	363,335	3,335
Fund Balances - End of year	\$24,000	\$14,520	\$42,623	\$28,103



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Board of Directors
Downtown Development Authority
Village of Dexter, Michigan

Our audit of the financial statements of the Downtown Development Authority, a component unit of the Village of Dexter, Michigan, for the sixteen month period ended June 30, 2006, was made in accordance with auditing standards generally accepted in the United States of America. These standards require, in addition to obtaining competent evidential matter through inspection, observation, inquiry, and confirmation, that we determine that existing internal controls, accounting procedures, and accounting records are adequate to allow us to express an opinion on the financial statements of the Authority.

Split-Back Agreements

Per the DDA's split-back agreements with Washtenaw County and the Washtenaw ISD, the DDA will need to refund the following amounts from the captured taxes:

Washtenaw County	\$32,601.58
Washtenaw ISD	20,366.62

Refund of Excess Capture

As a result of completing the annual TIFA capture report, the DDA has captured excess funds from the following governments which will need to be refunded:

Dexter Schools	\$64,874.00
Washtenaw ISD	13,639.00

Due to Village of Dexter

The DDA owes the Village \$19.62 due to a Board of Review adjustment on a personal property tax assessment. This should be paid out of the Debt Fund.

We wish to express our appreciation for the cooperation and courtesy extended to us by the Board of the Authority. We would be pleased to discuss any of these recommendations with you, and to provide any assistance that you may require in their implementation.

Very truly yours,

Cooley Hehl Wohlgamuth & Carlton

August 25, 2006